

DEPARTMENT OF RETIREMENT SYSTEMS
AUTOMATED SYSTEMS/INTEGRATED DATABASE IMPACTS
LEOFF Plan 2 Annual Statement Estimate – OPTION 1
03-17-2006

Analysis:

The LEOFF Plan 2 Retirement Board has requested cost estimate to revise the LEOFF Plan 2 active member annual statements. The request includes the following modifications:

1. Include beneficiary designations. (Needs further definition since space will be an issue)
2. Include instructions on how to designate a beneficiary or change an existing designation.
3. Include a total of the reported salary for past calendar year.
4. Include a projected Final Average Salary (FAS) calculated using the total of the reported salary for the past calendar year.
5. Include an explanation of the projected FAS calculation method.
6. Include a projected service credit total. Current service credit will be increased by 1 for each month until age 53.
7. Include a projected monthly retirement benefit including survivor reductions if the member has a beneficiary designation.
8. Include a 150% withdrawal amount if the member is eligible.
9. Include an explanation of the 150% withdrawal option.

Assumptions:

The estimate presented below is based on the following assumptions:

1. This estimate includes active LEOFF Plan 2 members only. Additional systems, plans, and LEOFF Plan 2 inactive members would require additional resources.
2. Statements will continue to be mailed to the employers.
3. The new statements will remain on one page, using a new variation of the current annual statement forms. The front page will contain all variable data. The back will continue to be a standard text display of pre-printed information.
4. Active members will receive an annual statement. Inactive members must request an annual statement. Inactive members will receive the current annual statement format.
5. Legal Order Split members will receive annual statements using the existing process.
6. The LEOFF Plan 2 annual statements will be produced on the current schedule with all other non-educational member statements.
7. All existing data will continue to be displayed in the current annual statement format.
8. The 150% withdrawal amount will not be projected. This amount will be 150% of the total member contributions for eligible members as of December 31.
9. The retirement calculations will be for a normal service retirement at age 53. No early-retirement, disability, portability, or death-in-service options will be displayed.
10. This estimate does not include full retirement calculations, which require additional account item record retrieval. The AFC for the estimate will be based on current non-archived data (i.e. usually the last 2 years). The retirement calculation (estimate) will be similar to the former Online Retirement Benefit Estimator (ORBE), which is extremely simple compared to the actual estimates that are produced by the Estimate System. ORBE was deleted the summer of 2005.
11. The redevelopment effort will include the redesign of the annual statement and corresponding changes to batch processing, changes to the display screens to accommodate additional data, and modifications to the Defined Benefit Account Access web application.
12. The display and re-print processes will need to distinguish between old and new annual statements formats.
13. A date for the final draft of the new annual statement will be established prior to the start of system

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development.

Possible Issues:

1. Beginning Summer 2005, members are able to self-generate estimates from the Defined Benefit Account Access web application in addition to requesting a formal estimate from DRS. This effort would introduce a third estimate process and may reflect benefit differences since archived earnings are not being used in this option for determination of the FAS.
2. The new annual statement project will require a comprehensive business requirements phase to finalize the statement design as well as methodology for projecting Final Average Salary (FAS) using the last years reported salary.
3. An account can have multiple beneficiary designations. Space may be an issue.
4. DRS' Retirement Services Division staff will need to key into MIS any missing beneficiary information for active LEOFF Plan 2 member accounts. This information may be stored in the Electronic Document Imaging Management System (EDIMS).

Major Tasks:

1. Design the new LEOFF Plan 2 annual statement.
2. Modify the Annual Statement Process to produce new LEOFF Plan 2 statements.
3. Modify the Annual Statement Process to print the new active member LEOFF Plan 2 statements.
4. Modify the re-print process to print new active member LEOFF Plan 2 statements.
5. Modify the web applications to display the new LEOFF Plan 2 statements.
6. Test modifications.

Automated Systems Costs:

840 hours at \$95 per hour	\$79,800
DIS* cost of \$500 per week for 21 weeks	<u>\$10,500</u>
Total Estimated Costs for Automated Systems	\$90,300

**cost for mainframe computer processing time and resources at the Department of Information Services*

Member/Retiree Communications

Printing costs (15,000 copies)	\$ 875
Communications Cnslt 3 – 40 hours (salaries/benefits)	<u>\$1,173</u>
Total Estimated Member/Retiree Communications Costs	\$2,048

Benefits/Customer Service

Retirement Services Analyst 3 – 260 hours (salaries/benefits)	<u>\$7,154</u>
Total Estimated Benefits/Customer Service Costs	\$7,154

ESTIMATED TOTAL COST TO IMPLEMENT THIS ESTIMATE:

AUTOMATED SYSTEMS	\$90,300
MEMBER COMMUNICATIONS	\$ 2,048
BENEFITS/CUSTOMER SERVICE	<u>\$ 7,154</u>
ESTIMATED TOTAL COSTS	\$99,502

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Systems Development Detailed Task List

Project Management:

- Build and maintain task plan and schedule in MS Project (for IS tasks only).
- Project reporting.
- Time is estimated at 106 hours.

Analysis/Design:

- Identify business requirements.
- Design of new annual statement
- Analyze and design changes to the WEB.
- Analysis/Design time is estimated at 110 hours.

Modify the WEB Systems:

- Redesign of the web annual statement.
- Modify files and programs for the web.
- Test all web modifications.
- Programming time is estimated at 80 hours.

Modify the Benefit System:

- Create retirement estimate data for the annual statement.
- Programming time is estimated at 56 hours.

Modify the Member Information System (MIS):

- Modify online and batch annual statement files.
- Retrieve/calculate additional MIS data.
- Create prototype annual statement
- Create processes to display, print and re-print new statements.
- Modify existing online and batch processes.
- Programming time is estimated at 300 hours.

Integration Testing:

- Testing will be required between:
 1. MIS and the Benefit System
 2. MIS and the WEB
- Create integration test plan and test cases.
- Programming time is estimated at 20 hours.

User Acceptance Testing:

- Assist in creation of test plan and test script.
- Support user acceptance testing.
- Analyst and programmer time is estimated at 130 hours.

Documentation:

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- Update system documentation.
- Programming time is estimated at 20 hours.

Training:

- Screen and process modifications
- Analyst time is estimated at 8 hours.

Post implementation maintenance:

- Monitor, support and troubleshoot as required.
- Programming time is estimated at 10 hours.

ON-GOING PRODUCTION COSTS:

- Production run cost (per annual statement) would increase approximately by \$0.30.
- LEOFF 2 currently has 15,259 active members and 1,724 inactive members.
- Total increase to Production Run is approximately \$5,000.

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